

**Macedonia: Reconstruction of War-Damaged Houses**

**Ex-post Evaluationreport**

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| <b>OECD sector</b>                        | 72010/Material relief assistance and services |   |
| <b>BMZ project number</b>                 | 2002 65 884                                   |   |
| <b>Project executing agency</b>           | Ministry of Transport and Communication       |   |
| <b>Consultant</b>                         | Danish Refugee Council                        |   |
| <b>Year of ex- post evaluation report</b> | <b>2008</b>                                   |   |
|   | <b>Project appraisal<br/>(planned)</b>        | <b>Ex-post evaluation report<br/>(actual)</b> |
| <b>Start of implementation</b>            | 4th quarter 2002                              | 4th quarter 2002                              |
| <b>Period of implementation</b>           | 8 months                                      | 21 months                                     |
| <b>Investment costs</b>                   | EUR 2.5 million                               | EUR 2.3 million                               |
| <b>Counterpart contribution</b>           | -   | -   |
| <b>Finance, of which FC funds</b>         | EUR 2.5 million                               | EUR 2.3 million                               |
| <b>Other institutions/donors involved</b> | -   | -   |
| <b>Performance rating</b>                 | 3   |   |
| • <b>Relevance</b>                        | 3   |   |
| • <b>Effectiveness</b>                    | 3   |   |
| • <b>Efficiency</b>                       | 3   |   |
| • <b>Impact</b>                           | 3   |   |
| • <b>Sustainability</b>                   | 2   |   |

**Brief Description, Overall Objective and Project Objectives with Indicators**

Residential buildings for families in northwestern Macedonia, which were particularly severely damaged by the civil war hostilities in 2001, were made habitable in an emergency programme. The rapid restoration of the houses aimed at enabling the return of refugees (project objective) as a contribution to their reintegration and to consolidating the peace process in Macedonia (overall objective).

The German contribution was part of an overall programme for the restoration of 6,649 residential buildings for families in altogether 4 damage categories with finance totalling about EUR 32 million. To secure peace in the region, the Macedonian government assigned the project top priority.

Germany's task was to help rebuild 155 residential buildings classed as badly damaged or requiring complete reconstruction in the villages Tetovo (94 houses) and Matejche (61 houses). With Financial Cooperation (FC) funds, a total of 129 houses were actually repaired or constructed in the scheduled locations and three others. The measures financed from German

FC funds fell almost completely under the damage categories III and IV as planned, i.e. badly damaged and most severely damaged houses.

### **Project Design/Major Deviations from Original Planning and Main Causes**

Due to the urgency and the special political circumstances, the project was prepared and implemented in a rapid response procedure as per the Guidelines on Bilateral Financial and Technical Cooperation.

In retrospect, the implementation of the FC project can be divided into three phases: first the construction of residential buildings in Tetovo and Matejche solely to house refugees. This phase followed the project's original selection criteria. After these needs had been met, houses were rehabilitated in the Tetovo area, some in seasonal use only. Finally, reconstruction work was undertaken on houses used for seasonal sheep breeding or agriculture in Central Macedonia, which were essential for the livelihoods of the owners.

Complementing the building measures, advisory services were financed from FC funds for coordination, construction planning and building supervision. The Danish Refugee Council was commissioned to implement the FC project. This consultant played a central role; government institutions were involved in the basic decision-making processes, but to a small extent only in technical implementation. Due to the relatively weak capacities of the local institutions and the complexity and political sensitivity of selecting and supporting the beneficiaries, the project required close supervision. This called for extensive services by the consultant, which had to be extended.

After the identification and selection of beneficiaries, local architects and engineers conducted the detailed planning of the building works. Smaller construction firms (8-25 personnel) executed these after a national Macedonian call to tender. Contrary to expectations at project appraisal, the target group concerned only took a small part in the building measures, as much of the population was unable to make their own contributions.

The measures had to be broken off early in Matejche as the displaced Serbian minority was not actually prepared to return. The reasons were both social and economic (e.g. poor employment opportunities in the rural area) and persistent personal security concerns in individual cases. The residual FC funds were then used to finance alternative measures in other regions.

### **Key Results of Impact Analysis and Performance Rating**

Altogether, 129 houses were refurbished from FC funds (81 in Tetovo, 25 in Matejche, 23 in other places). This amounts to 83% of the targets, also using only 93% of the available funds. Needs were therefore met.

The target group comprised the former residents of the houses destroyed in the hostilities with due attention paid to the adequate inclusion of the Serbian population in Matejche. The planning envisaged a target group of about 930 persons, whereas 840 (90%) were actually reached by the measures. The average number of beneficiaries per individual measure was therefore slightly larger than planned (6.5 as compared with 6 persons). The project failed to ensure the adequate inclusion of the Serbian minority in Matejche, although this had already been identified as a large risk in the planning stage. The minority has not returned to this location, but this also holds for the overall programme of the donor community: Nationwide, very few members of minorities have returned to regions dominated by other ethnic groups.

Distinctions need to be drawn as to building use: The core group consists of the primary houses (sole places of residence), which account for 56% of the total number. About 75% of these houses were occupied at final inspection, the original beneficiaries in almost all cases. Considering the difficult local conditions (rural exodus, local unemployment at about 80% in part, ethnic tensions), this merits a positive assessment overall. From a developmental standpoint in terms of project objectives, it is more difficult to assess those categories of building in seasonal use only: After the refurbishment needs of primary houses had been met, only second homes for seasonal occupation were repaired. This made no contribution to the direct return of refugees in the strict sense. By compensating owners for the damages suffered, however, the project had a major beneficial effect on stabilisation and conflict mitigation and contributed to improving the conditions of life for the target group. In view of the other mode of use, the high utilization rate of the second homes (approx. 96% still used in some way) is not, however, directly comparable with the value attributable to the primary houses.

In hindsight, the project afforded no scope for contributing to gender equality. Its objectives were not concerned with environmental protection and resource conservation. It did not aim at promoting participatory development or good governance; local reconstruction committees with civil-society participation played a minor role only. A major secondary objective was to make a contribution to consolidating the peace process. This contribution has now been made. Particularly in view of the precarious situation in the project area in Central Macedonia, the project can be assigned to direct poverty reduction.

Altogether, we assess the performance rating as follows:

**Relevance:** The high number of displaced persons due to the hostilities clearly placed a heavy burden on the Macedonian government and posed a danger of additional conflict. In ex-post evaluation, the basic approach of contributing to the return of refugees by rehabilitating the houses and with that to consolidating the peace process was therefore warranted. We therefore assess the relevance of the project as sufficient (Subrating 3).

**Effectiveness:** At ex-post evaluation, about 12-15% of the houses rehabilitated by the project are not in regular use, nor have they been resold. In relation to total project costs, funds allocated for this amount to about 12%. These losses include in particular 10 out of 11 houses of the Serbian minority in Matejche that were rehabilitated on the basis of written pledges by the displaced owners. Contrary to their prior assurances, however, the owners still refuse to return. Owing to the unwillingness of the minority to return, the project fell far short of the overall quantitative targets in this location (only 25 instead of 61 individual measures). With the consent of BMZ, measures were therefore carried out in three other localities, which compensated for the deficits in part. Altogether, considering use, the losses and the pro rata building costs for the different categories of building, we gauge the effectiveness of the project as sufficient (Subrating 3).

**Efficiency:** The average building costs are comparable with those for other donors - slightly less than for other bilateral donors, a little higher than for the EU measures. Owing to the difficult general conditions and close supervision of the measures, the consulting costs are inevitably relatively high in comparison with the investment costs of the FC project. Altogether, we assess project efficiency as sufficient (Subrating 3).

**Impact:** The overall objective of the project was to contribute to facilitating the return of the refugees and hence to stabilisation and conflict resolution. In this connection, the FC project can only be seen and judged as part of the overall programme under the leadership of the EU: As such, the construction of the limited number of 129 houses would certainly not have had any significant nationwide impact and the same holds for the Tetovo region with over 100,000 inhabitants. The overall objective of the general donor community programme cited above was,

however, achieved (The EU estimates that the number of internally displaced persons has declined by about 95% thanks to the measures by the international donors.) and the FC project made a contribution to this.

The secondary objective defined by the donor community of also contributing to a multi-ethnic society was not attained, though, and must be considered as clearly overambitious in hindsight. This is also the opinion of the evaluation report on the EU programme. Considering the increasingly mono-ethnic composition of the villages after the conflict, this could not have been prevented nor was it actively promoted by the FC project. Inevitably, though, rebuilding the houses of those residents willing to return, who belonged for the most part to the local ethnic majority, underpinned this new situation in some cases. Altogether, we assess the developmental impact as sufficient (Subrating 3).

**Sustainability:** The future use of the houses is primarily jeopardised by external risks, such as high unemployment in rural regions and the possible exodus of residents as a result. The purely technical sustainability risks must be assessed as low, since the buildings are in good structural condition with repair work in the occupied houses only needed to date for wearing parts. Altogether, we judge sustainability to be good (Subrating 2).

The political aspect of the project is of special significance for overall assessment: In all likelihood, the refugee problem would not have been remedied so quickly without the support of the general donor programme. As most of the houses rehabilitated with FC funds were badly and most severely damaged buildings, it is unlikely that they would have been rebuilt quickly considering the general low level of income in these regions. Moreover, in most cases the conditions of life for the target group have been at least restored to the standard prevailing before the outbreak of hostilities, if not improved. It is therefore reasonable to assume that an important contribution has been made to stabilizing Macedonia and to peacefully coping with the aftermath of the conflict. After weighing up the individual criteria, we assess project performance as a whole as sufficient (Rating 3).

### **General Conclusions**

The programme approach adopted and the plan of implementation placed a clear focus on construction measures: Apart from the intensive supervision in identifying and selecting beneficiaries, complementary measures to support the reintegration of refugees were not envisaged under FC finance or were to be carried out by other institutions. Evidently, too little has been done here. Moreover, the utilization of the houses could probably have been raised by financing small complementary measures, such as subsidies for replacing agricultural equipment or for basic furniture and fittings, as some of the displaced persons were unable to do this themselves.

The reconstruction of private residential buildings without a significant counterpart contribution by the beneficiaries in the form of finance or labour is exceptional in Financial Cooperation. Above all, though important and necessary, these measures are not adequate in themselves to ensure the return of refugees. An example of a very effective reconstruction measure repeatedly cited by other donors is the provision of finance for rehabilitating the police station in Matejche, which made a tangible contribution to improving general security after the cessation of hostilities. The same applies for the restoration of other public buildings (social infrastructure) as well as churches and mosques, provided all religions are treated equally. Conducting intensive integrational investment and social flanking measures to accompany housing construction is therefore useful in these kinds of conflict situation.

### **Notes on the methods used to evaluate project success (project rating)**

Projects are evaluated on a six-point scale, the criteria being relevance, effectiveness, overarching developmental impact and efficiency. The ratings are also used to arrive at a final assessment of a project's overall developmental efficacy. The scale is as follows:

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| 1 | Very good result that clearly exceeds expectations  |
| 2 | Good result, fully in line with expectations and without any significant shortcomings   |
| 3 | Satisfactory result – project falls short of expectations but the positive results dominate                                     |
| 4 | Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results |
| 5 | Clearly inadequate result – despite some positive partial results, the negative results clearly dominate                        |
| 6 | The project has no impact or the situation has actually deteriorated  |

A rating of 1 to 3 is a positive assessment and indicates a successful project while a rating of 4 to 6 is a negative assessment and indicates an unsuccessful project.

#### **Sustainability is evaluated according to the following four-point scale:**

Sustainability level 1 (very good sustainability) The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected.)

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and an improvement is very unlikely. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The overall rating on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. A rating of 1 to 3 indicates a “successful” project while a rating of 4 to 6 indicates an “unsuccessful” project. It should be noted that a project can generally only be considered developmentally “successful” if the achievement of the project objective (“effectiveness”), the impact on the overall objective (“overarching developmental impact”) and the sustainability are considered at least “satisfactory” (rating 3).